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Evaluation of the Eastern Ontario Development Program

FINAL REPORT

**Prepared for: Federal Economic Development Agency for Southern Ontario
By: Government Consulting Services**

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List of Acronyms

CAF	Community Adjustment Fund
CFDC	Community Futures Development Corporation
EAC	Evaluation Advisory Committee
EODF	Eastern Ontario Development Fund
EODP	Eastern Ontario Development Program
FedDev Ontario	Federal Economic Development Agency for Southern Ontario
FedNor	Federal Economic Development Initiative for Northern Ontario
GC	Government of Canada
GCS	Government Consulting Services
IC	Industry Canada
ICT	Information and Communications Technology
OMAFRA	Ontario Ministry of Agriculture Food and Rural Affairs
OMEDT	Ontario Ministry of Economic Development and Trade
RED	Rural Economic Development
SME	Small- and Medium-Sized Enterprise

Executive Summary

Introduction

This report presents the results of the evaluation of the Eastern Ontario Development Program (EODP). The evaluation was undertaken by Government Consulting Services (GCS) for the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) between August and December 2010. The evaluation was undertaken to examine program relevance and performance for the period April 2007 to March 2010 and to inform future management decisions related to the Program.

Background

In response to recent economic challenges being experienced in Southern Ontario, particularly in the manufacturing and automobile industries, Budget 2009 provided more than \$1 billion for the creation of FedDev Ontario. The agency was established to support economic and community development, innovation and economic diversification. FedDev Ontario is responsible for EODP, which supports the economic development and diversification of rural Eastern Ontario communities. EODP was first established in 2004 as the Eastern Ontario Development Fund (EODF) in response to economic concerns and program funding gaps expressed by regional stakeholders. The objective of the program is to promote socio-economic development in rural Eastern Ontario leading to a competitive and diversified regional economy and contributing to the successful development of business and sustainable self-reliant communities. EODP contributions support projects in six priority areas:

- business development;
- community development;
- skills development;
- youth retention and attraction;
- access to capital; and
- innovation and information and communications technology (ICT).

The key delivery partners of the Program are the 15 Community Futures Development Corporations (CFDCs) in Eastern Ontario, along with the Eastern Ontario CFDC Network. CFDCs and the Network work closely with a broad cross section of clients that are located in the region extending east from Durham Region and Algonquin Park and bounded by the Quebec border.

Methodology

The evaluation used multiple lines of evidence to ensure the reliability of reported results. The following research methods were used to gather data for the evaluation:

- interviews with 34 program representatives, CFDCs, community representatives, and academics/experts;
- review of program documents and literature;
- analysis of EODP program data (reported by CFDCs); and
- survey of eligible recipients.

Findings

Relevance

The objectives of EODP are aligned with federal roles and responsibilities as well as the priorities of the Government of Canada and FedDev Ontario.

The federal government has a legislated responsibility for regional economic development in the province of Ontario, as per the *Department of Industry Act*. This includes establishing relationships with organizations that will assist with the promotion of economic development. This is well-aligned with EODP's mandate to support economic development in partnership with the CFDCs.

In recent years, the Government of Canada (GC) has focused its priorities on economic growth and stability, specifically, to support traditional industries, create jobs, and minimize loss of employment. This priority was emphasized in Budget 2009 through the creation of FedDev Ontario. Previous to the creation of FedDev Ontario, EODP was the responsibility of Industry Canada and the Federal Economic Development Initiative for Northern Ontario (FedNor). IC/FedNor and FedDev Ontario are mandated to support economic development in efforts to ensure competitive industries and sustainable communities. The objectives of EODP—to promote socio-economic development in rural Eastern Ontario that leads to a competitive and diversified regional economy and contribute to the successful development of businesses and sustainable self-reliant communities—are well-aligned with these mandates.

Rural Eastern Ontario lags behind the rest of Ontario and continues to face economic challenges, although these challenges may not be unique to the region and rural areas in general.

When comparing certain economic indicators between 2001 and 2009, rural Eastern Ontario lags behind the rest of Ontario. This is particularly the case with labour force participation rates and median hourly wages. Interestingly, between 2001 and 2009, the unemployment rates in rural Eastern Ontario have been lower than those in all of Ontario.

The evaluation showed that rural Eastern Ontario faces a number of challenges related to recent negative population growth and low population density, an aging population, and the loss of manufacturing jobs. Note that while interviewees believe that youth out-migration is also an issue, the data show that the proportion of the youth aged 15-24 has grown in rural Eastern Ontario between 2007 and 2009. These challenges may not be unique to rural Eastern Ontario, as the labour force data show that rural Ontario faces similar challenges. For example, rural Eastern Ontario and rural Ontario have lower labour force participation rates, lower hourly median wages, a larger proportion of older workers (55+), and fewer youth (15-24) than Ontario overall.

Without EODP funding, nearly all of the survey respondents indicated their projects would either not have proceeded; or would have proceeded, but the scale or nature of the activities would have been reduced. Therefore the implementation of many projects was depended EODP support.

Performance (Effectiveness)

Information from the evaluation shows that investments have been made in the EODP priority areas. These have contributed to business and skills development, community capacity building, the hiring of youth, the development of innovation and ICT, and physical improvements. While the CFDCs have

collected output and short-term outcome information, the data are limited in relation to medium-term outcomes. This limits the ability to draw conclusions with respect to the intermediate outcomes. The long-term outcomes of EODP—diversification and competitiveness of the rural Eastern Ontario economy; economic stability, growth and job creation; and sustainable, self-reliant communities—are difficult to measure. However, interviewees and survey respondents were positive with respect to the longer-term impacts of EODP, particularly with respect to improvements in local capacity and the development of partnerships.

Performance (Efficiency and Economy)

The program appears to be efficient, as the administrative costs comprise a small proportion of the overall budget and over time the costs for administration have decreased.

The total cost for administration of EODP is 12.1% of the overall budget of \$29.8 million and the cost for project administration has decreased 38.1% over the three-year evaluation period, as the number of projects increased each year (55.7% overall). The evaluation did not reveal any issues with respect to program efficiency, although interviewees raised concerns related to funding, including the need to have longer-term funding, which would allow for the development of more strategic projects and the desire to have more flexibility with allocating funds between projects. Currently, the CFDCs must manage four separate agreements for the allocation of funds and it was suggested that having one agreement would be more efficient.

Recommendation #1: *FedDev Ontario should examine whether it is necessary to have four agreements for the administration of the EODP funds and determine if all of the funds could be administered through one agreement.*

There is a lack of sufficient and reliable performance information with respect to program outcomes.

Despite improvements made since the last evaluation, a key issue identified throughout the evaluation is the lack of appropriate performance information to assess the impact of the program. Many of the current indicators being used are either not specific enough, or not linked to project data, and are generally insufficient to measure the desired outcomes of the program. Note that the issues with respect to performance data are likely related to the fact that the program has received short-term renewals (e.g., one to two years) and therefore, little investment has been made in this respect.

Recommendation #2: *FedDev Ontario should review its current performance measurement strategy and refine its data collection to ensure it is appropriate for measuring the outcomes of the program. Including CFDCs and academics in the review and identification of indicators would be an effective way of ensuring the appropriateness of the indicators for measuring success.*

In addition to the performance measurement challenges, the administration of the recipient survey identified that the recipient contact information currently are not standard and are insufficient (e.g., no project name, missing information on project descriptions). This lack of information meant that it was not possible to provide information to survey recipients on their EODP projects, which could have been valuable in ensuring the reliability of the information gathered. FedDev Ontario representatives also raised the question as to whether the contact information is accurate.

Recommendation #3: *FedDev Ontario and CFDCs should ensure that a standardized, up-to-date list of recipients is maintained. This list should include complete information on the recipients (e.g.,*

name, e-mail address) as well as specific project identifiers (e.g., project name, project type). This information will be required should FedDev Ontario wish to survey its recipient population for future evaluations. Alternatively, FedDev Ontario could implement a post-project feedback form, which could be administered to recipients following the completion of the project. This form could collect information on the impacts of the project. The results could be entered into a database and be used for both ongoing management and evaluation purposes.

With respect to economy, the current delivery model maximizes effectiveness, as it uses an existing structure already in place for regional economic development.

The current delivery mechanism is viewed as the most effective for program delivery, as it uses the CFDC structure which is already in place for the delivery of other regional economic development programs. It also capitalizes on the use of local knowledge, facilitates local decision-making, and addresses local needs. This model has resulted in leveraging an average of \$4.20 per EODP dollar invested and the development of partnerships (3.6 partners per community development projects).

With respect to regional projects, the evaluation raises questions as to whether the current model for their delivery is appropriate.

While the evaluation did not examine the effectiveness of the delivery of regional projects, this issue was raised by interviewees both in the context of program improvements and the delivery model being used. Key issues raised with respect to the regional projects included difficulties with administration (e.g., selection of projects, length of time to get them implemented) and a lack of control over the implementation of those projects. It was suggested that the delivery of regional projects could be improved by having FedDev Ontario coordinate them.

Recommendation #4: *Since this issue has been identified in previous evaluations, FedDev Ontario should examine alternative delivery options for regional projects to determine whether they could be delivered more efficiently.*

1.0 Introduction

1.1 Introduction and Purpose of the Evaluation

This report presents the results of the evaluation of the Eastern Ontario Development Program (EODP). The evaluation was undertaken by Government Consulting Services (GCS) for the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) between August and December 2010. The evaluation was undertaken to examine program relevance and performance for the period April 2007 to March 2010 and to inform future management decisions related to the Program. The evaluation was overseen by an Evaluation Advisory Committee (EAC) comprised of representatives from Industry Canada (IC), FedDev Ontario, the Federal Economic Development Initiative for Northern Ontario (FedNor), representatives of the Community Futures Development Corporations (CFDCs), and a provincial government representative (see Appendix A for a list of EAC members).

The report is organized into four main sections. Section 1 presents a profile of EODP; Section 2 presents the methodology for the evaluation and discusses methodological considerations and limitations; Section 3 presents the findings, organized by evaluation issue; and Section 4 presents the overall conclusions and recommendations. This report also has a supplementary document which contains the appendices cited throughout this report (*Evaluation of the Eastern Ontario Development Program: Supporting Appendices*)

1.2 Profile of the Eastern Ontario Development Program

1.2.1 EODP Objectives

In response to recent economic challenges being experienced in Southern Ontario, particularly in the manufacturing and automobile industries, Budget 2009 provided more than \$1 billion for a new Southern Ontario development agency. FedDev Ontario was established to support economic and community development, innovation and economic diversification, through contributions to communities, businesses and non-profit organizations.

As part of its mandate, FedDev Ontario is responsible for the delivery of EODP. EODP was first established in 2004 as the Eastern Ontario Development Fund (EODF) in response to economic concerns and program funding gaps expressed by regional stakeholders including Members of the Eastern Ontario Warden's Caucus and the Eastern Ontario CFDCs. Between fiscal years 2004-2005 and 2008-2009, EODP received an annual \$10 million funding allocation through successive one-year renewals and was delivered by IC/FedNor. Budget 2009 allocated \$20 million for the Program, for a two-year funding period beginning in 2009-2010. IC/FedNor continued to deliver the program on a transitional basis until FedDev Ontario was launched in August 2009.

EODP supports the economic development and diversification of rural Eastern Ontario communities. The program makes funding available through repayable and non-repayable contribution agreements to businesses and not-for-profit organizations. The objective of the program is to promote socio-economic development in rural Eastern Ontario leading to a competitive and diversified regional economy and contributing to the successful development of business and sustainable self-reliant communities. EODP contributions support projects in six priority areas: business development, community development, skills development, youth retention and attraction, access to capital, and innovation and information

and communications technology (ICT). The specific activities, outputs and outcomes of the Program are illustrated in the program logic model, as shown in Appendix B.

1.2.2 EODP Management and Delivery

EODP is delivered by FedDev Ontario and eligible recipients for EODP funding contributions are located ¹ in the region extending east from Durham Region and Algonquin Park and bounded by the Quebec border.

The key delivery partners of the Program are the 15 CFDCs in Eastern Ontario, along with the Eastern Ontario CFDC Network. The CFDCs work in cooperation with partners to establish short- and long-term program priorities and performance targets for each funding period. CFDCs and the Network in turn undertake a range of activities in support of economic renewal in rural Eastern Ontario. They work closely with a broad cross section of clients that can include among others, the private sector; non-profit organizations; municipalities; and educational, labour and Aboriginal organizations.

A formative evaluation covering the first 10 months of the EODF was completed in November 2005. The evaluation assessed the design, delivery and implementation of the program, and overall, the program was deemed to be successful. A summative evaluation was undertaken in 2007 and completed in March 2008 which found that the program was still relevant in addressing the identified needs of Eastern Ontario. Overall, the program was deemed successful and the use of the CFDCs as a primary delivery partner was seen as a major contributor to that success. The evaluation provided recommendations with respect to the design and delivery of the program, as well as the outcome performance data, collection tools and the use of performance information for the management of EODP.

1.2.3 EODP Budget

In the three-year evaluation period, the total budget for EODP was \$29.8 million, with a consistent annual budget of approximately \$10 million. Twelve percent of the program costs each year were allocated to administration, while the remainder (i.e., 88%) was allocated to the repayable and non-repayable contributions.

Table 1. Summary of EODP Budget

Cost Component	2007/08	2008/09	2009/10	Total	Percent
CFDC Administration	\$760,144	\$822,165	\$836,984	\$2,419,293	8.1
EODP administration	\$400,000	\$400,000	\$400,000	\$1,200,000	4.0
Repayable and non-repayable contributions	\$8,630,956	\$8,777,625	\$8,763,010	\$26,171,591	87.9
Total	\$9,791,100	\$9,999,790	\$9,999,994	\$29,790,884	100

¹ Normally the region excludes the cities of Ottawa and Kingston, however under exceptional circumstances, activities in these cities could be funded.

2.0 Evaluation Methodology

The evaluation followed the scope and methodology set out in an evaluation plan developed during a planning phase completed by GCS prior to the commencement of the evaluation. The evaluation planning phase was undertaken between June and August 2010 and was completed in consultation with the EAC. The evaluation plan was designed to align with the Treasury Board Policy on Evaluation (April 2009). The following section outlines the evaluation issues and questions, data collection methods, and methodological considerations for the evaluation.

2.1 Evaluation Issues and Questions

The evaluation of EODP examined issues relating to program relevance and performance. Table 2 details the evaluation issues and questions addressed in the evaluation (see Appendix C for the complete evaluation matrix, which also includes specific indicators and methodologies for each evaluation question).

Table 2. Summary of Evaluation Issues and Questions

Evaluation Issue	Evaluation Question
Relevance	- Is the federal role in EODP appropriate? - Is there a continued need for EODP? - Is the EODP aligned with current Federal government priorities?
Performance (Effectiveness)	Immediate Outcomes - Has innovation and ICT deployment been enhanced, as a result of EODP? - Has there been improved business development, as a result of EODP? - Has there been improved community development, as a result of EODP? - Has there been improved skills development, as a result of EODP? - Are Eastern Ontario communities better able to attract, retain and develop youth, as a result of EODP? - Has there been improved access to capital and leveraged capital, as a result of EODP? Intermediate Outcomes - Has EODP resulted in an increased use of technology (including ICTs, commercialization of research, and adaptation to the knowledge-based economy)? - Has EODP improved business practices, increased entrepreneurship and development of markets? - Has EODP increased capacity for socio-economic development and diversification? - Has EODP supported the development of the labour force to meet local business needs? - Is access to work experience and training helping youth to secure future employment? - Has EODP improved retention and expansion of new and existing businesses? Ultimate Outcomes - Is EODP contributing to expected longer-term outcomes (diversification, competitiveness, economic stability, sustainable communities)?
Performance (Efficiency and Economy)	- Is EODP being delivered efficiently? - Are the outcomes of EODP being achieved in the most economic fashion?

2.2 Data Collection Methods

The evaluation of EODP included the use of multiple lines of evidence and complementary research methods as a means to help ensure the reliability of information and data collected. The following data collection methods were used to gather qualitative and quantitative data for the evaluation:

- key informant interviews;
- document and literature review;
- data analysis; and
- survey of eligible recipients.

Each of these methods is described in more detail in the following sections.

2.2.1 Key Informant Interviews

Interviews served as an important source of information for the evaluation by providing qualitative input from those involved in EODP, as well as from others not directly connected with the Program. A total of 34 interviews were completed during the course of the evaluation. Interviews were undertaken with FedDev Ontario and IC/FedNor program staff, CFDC volunteers and staff², community representatives, and academics and experts. The number of interviews completed, by interview group, is illustrated in Table 3

Table 3. Number of Interviews Conducted, by Interview Group

Interview Group	# of Interviews Conducted
FedDev Ontario / IC/FedNor program staff	5
CFDC volunteers and staff	15
Community representatives	10
Academics / experts	4
Total	34

All interviews were conducted by telephone. Different interview guides were developed for each of the interview groups. Interview questions were aligned with the evaluation questions identified in the evaluation matrix. Interviews lasted between 45 minutes and two hours (see Appendix D for the interview guides). In completing the interviews, GCS:

- contacted the interviewees by telephone to schedule the interview;
- sent the interviewees the interview guide in advance of the interview;
- carried-out the interviews, taking written notes of the responses to the interview questions;
- summarized the interview notes by interview question and indicator; and
- analyzed the interview information to determine key themes (the interview response analysis grid located at Appendix E was used to analyze the interview responses).

² This included the Executive Director of the CFDC and the Chair of the Board.

2.2.2 Document and Literature Review

The review of relevant documentation was primarily used to inform an assessment of the relevance of the Program. The following types of documentation and literature were reviewed during the evaluation:

Foundation documents: including enabling program documentation prepared for the funding periods 2007/08; 2008/09; and 2009/11.

Corporate / accountability documents: including FedDev Ontario and IC/FedNor Departmental Performance Reports, Reports on Plans and Priorities, the performance measurement strategy, and other documentation that provided information on FedDev Ontario and GC priorities (e.g., Speech from the Throne).

Evaluations / reviews: EODP underwent two past evaluations and these evaluations were reviewed to extract key findings. To the extent possible, the current evaluation built upon the findings from the most recent evaluation (2008) and did not duplicate the research previously undertaken.

Program materials and operational documents: including reporting templates and tools, and program application requirements.

Literature and research on economic development: numerous research studies by local academics to examine the economy of Eastern Ontario and to determine the need for regional development programs in the area were reviewed for the evaluation.

The document and literature review was conducted using a customized template that allowed evaluators to extract relevant information from the documents and organize it according to evaluation questions and indicators (see Appendix F for a list of documents that were reviewed for the evaluation).

2.2.3 Data Analysis

The data that were examined for the evaluation originated from two main data sources: external and internal. External data sources included labour force statistics, such as those available from Statistics Canada (e.g., Labour Force Survey). Internal data sources included the EODP program data reported by the CFDCs through the project reports and any cost data available for the Program. As noted above, the previous evaluation provided recommendations on the content of the project reports. Data from these reports provided information primarily on the outputs of the funded projects, and contributed to the assessment of progress on the immediate outcomes (e.g., trend in number of internships funded, number of community strategic plans developed, number of workshops held). The data from the project reports were compiled in an excel spreadsheet and were analyzed by year. The cost information was used to examine the efficiency (e.g., cost per administration of each project) and economy of the Program (overall cost for each project relative to the benefits).

2.2.4 Survey of Other Eligible Recipients

Eligible recipients of EODP funding include not-for-profit organizations (including the CFDCs and the Network), legal commercial entities, aboriginal organizations, and groups or alliances of the above

where a lead recipient has been identified.³ As part of the evaluation, a survey was administered to other eligible recipients—those to which CFDCs and the Network have *further* distributed EODP funds (i.e., when CFDCs have not undertaken activities on their own or in partnership with other eligible recipients). The objective of the survey was to gather information from other eligible recipients that was not already gathered through the project reports.

The survey was pre-tested with selected CFDC (6) and FedDev Ontario (3) representatives. A total of four pre-test responses were received. Some modifications were made to the survey following the receipt of the pre-test comments (See Appendix G for the recipient survey).

The survey was administered electronically by sending an e-mail to recipients, which included the link to the on-line survey. The survey was posted for a total of two weeks and one reminder e-mail was sent out during the survey period. A total of 1,793 surveys were sent, with 310 bounce-backs, for a total of 1,483 surveys sent. A total of 378 survey responses were received, which represents an overall response rate of 25.5% (95% confidence interval, +/- 4.35).

Following completion of the survey, open-ended responses were coded by theme and all responses were analyzed using a statistical software package.

2.3 Limitations of the Evaluation Methodology

The evaluation methodology was designed to provide multiple lines of evidence in support of evaluation findings. The data and information were collected to respond to the evaluation questions and issues. As in all evaluations, there are limitations and considerations that should be noted.

Representativeness and reliability of recipient survey data.

Like many surveys where the population is divided into smaller subgroups, the EODP survey encountered issues with respect to representativeness. While overall, the survey responses can be considered representative of the entire recipient population, the survey responses received in each of the survey sections (i.e., each project type) cannot be considered representative of all recipients in that project type. As shown in Table 4, the number of responses received in each of the project types is quite low compared to the total number of projects funded in each project type, with the exception of business development.

There are also questions as to whether the respondents self-identified their project type correctly. GCS cross-referenced the list of contacts against the survey responses received, in efforts to validate the survey information. This revealed that some survey respondents did not self-identify their project type correctly (i.e., an individual that received funding for a certain project type indicated that they received funding for a different project type). This means that some respondents did not answer the questions that corresponded to their actual project type and related desired results. Following this exercise, GCS was informed that the contact list may not be accurate, as it was never intended to be reconciled against the data, but was merely a list of all recipients.

³ Note that up to 85% of the program funding is allocated to CFDCs and the Network, to undertake and implement activities 'solely', in partnership with other eligible recipients, or to further distribute funds to 'other' eligible recipients. Up to 15% may be allocated to 'regional' projects which may be delivered directly by the department or by the CFDCs or their Network.

Table 4. Proportion of Responses Relative to Project Type Population

EODP Project Type	Number of Respondents that Self-Identified as Project Type	Total Number of EODP Projects Funded	Percent
Business development	226	409	55.3
Community development	175	774	22.6
Skills development	108	747	14.5
Youth retention and attraction	74	386	19.2
Access to capital	40	180	22.2
Innovation and ICT	42	109	38.5

Nonetheless, further examination of the survey data suggests that in fact many respondents did not correctly self-identify. For example, a much higher number of individuals self-identified as having received funding for business development and community development than any other project types (Table 5). This suggests that respondents may have incorrectly identified their project as business development or community development simply because they appeared first in the survey. These two project types also are more open to interpretation in that any project type could have been viewed to fit in these two categories, while other project types, such as access to capital, are much more defined. Therefore, the level of reliability in the survey data is lower with respect to business and community development than the other project types.

Table 5. Number of Responses in Each Project Type

EODP Project Type	Number of Respondents that Self-Identified as Project Type	Percent of Total Respondents ⁴
Business development	226	59.8
Community development	175	46.3
Skills development	108	28.6
Youth retention and attraction	74	19.6
Access to capital	40	10.6
Innovation and ICT	42	11.1

In addition, there were some data anomalies throughout the survey responses. For example, there was a very high percentage of "don't know" responses and many of the open-ended responses provided did not match the question. Again, this suggests that respondents were answering questions for the incorrect project type.

EODP program data provided limited information for the assessment of outcomes.

EODP program data are self-reported by CFDCs and little data verification is completed. In addition, some data collected do not measure the more intermediate level impacts. For example, in some cases, data are being collected on the number of businesses/communities impacted. This information is limited in assessing impacts because businesses and communities are being treated as the same entity and thus the magnitude of the impact is not known (i.e., proportion of businesses and communities impacted). In addition, some data are being gathered that are not specific to a project. For example,

⁴ These figures do not add to 100 due to respondents being able to complete multiple sections of the survey since some recipients had multiple projects..

CFDCs are asked to indicate what sectors have been impacted by projects, but not in relation to an individual project. Again, this does not allow for an assessment of the actual impact of the projects. Additional issues with respect to EODP program data are noted throughout the report.

3.0 Evaluation Findings

3.1 Program Relevance

The following section examines the extent to which EODP addresses a demonstrable need, is appropriate to the federal government role, and is aligned with GC and FedDev Ontario priorities.

3.1.1 Continued Need for EODP

Finding: *Certain economic indicators suggest that rural Eastern Ontario lags behind Ontario and faces other challenges related to youth retention, an aging population and loss of manufacturing jobs, although these challenges may not be unique to this region. There are comparable programs offered by both the federal and provincial governments, but due to its specialized delivery, EODP is considered unique.*

The findings in this section are based on an assessment of labour market data, interviews and survey data. There are no limitations with respect to the reliability of the information.

Labour Market Indicators for Ontario versus Rural Eastern Ontario

Rural Eastern Ontario lags behind the rest of Ontario in terms of labour force participation. In 2001, the labour force participation rate in rural Eastern Ontario was 59.7% compared to 67.3% in Ontario (Figure 1). By 2009, this gap had decreased, with rural Eastern Ontario's labour force participation growing 5.8% in that time period (to 63.2%) compared to zero growth in Ontario (67.3%), although rural Eastern Ontario's rate is still slightly lower than Ontario as a whole. See Appendix H for full statistical tables of all indicators discussed in this section.

Rural Eastern Ontario also lags behind Ontario in terms of median wage and while the difference is not large, the gap has widened. In 2001, the median hourly wage in rural Eastern Ontario was \$15.63 compared to \$16.15 in Ontario—a difference of \$0.52 (Figure 2). By 2009 the mean hourly wage in rural Eastern Ontario increased to \$18.50, while in Ontario it increased to \$20.00—a difference of \$1.50.

Figure 1. Labour Market Participation Rates for Rural Eastern Ontario and All of Ontario (2001-2009)

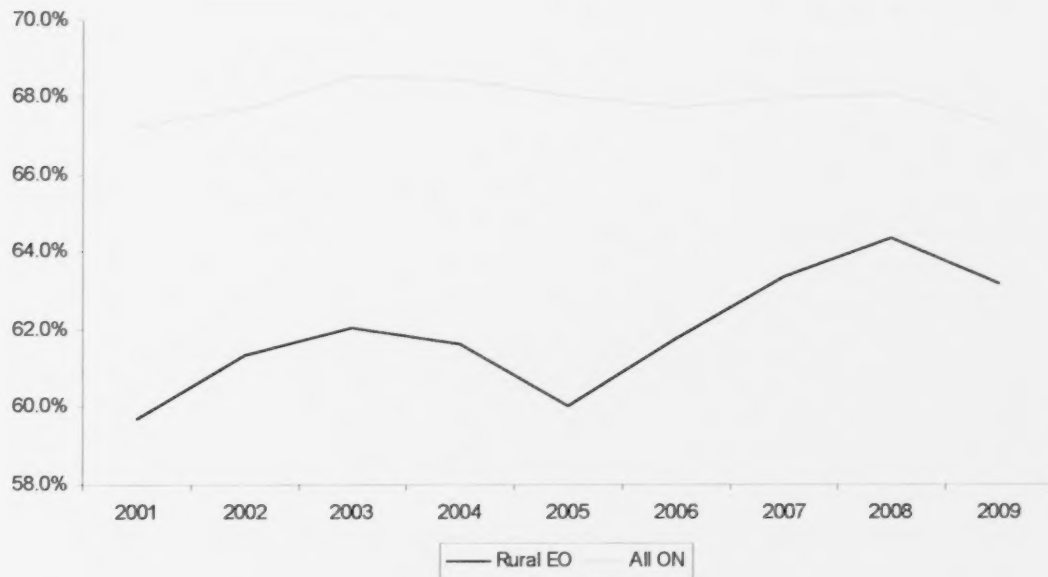
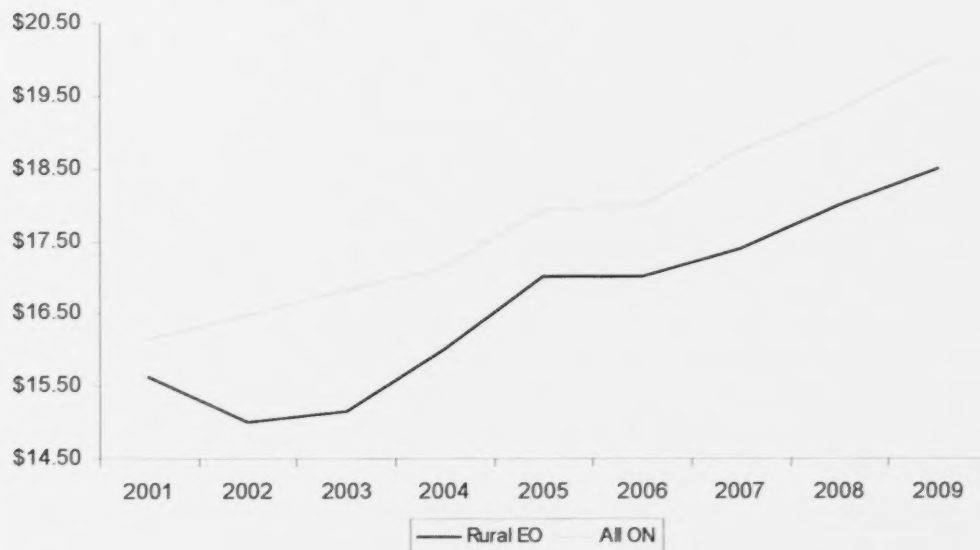


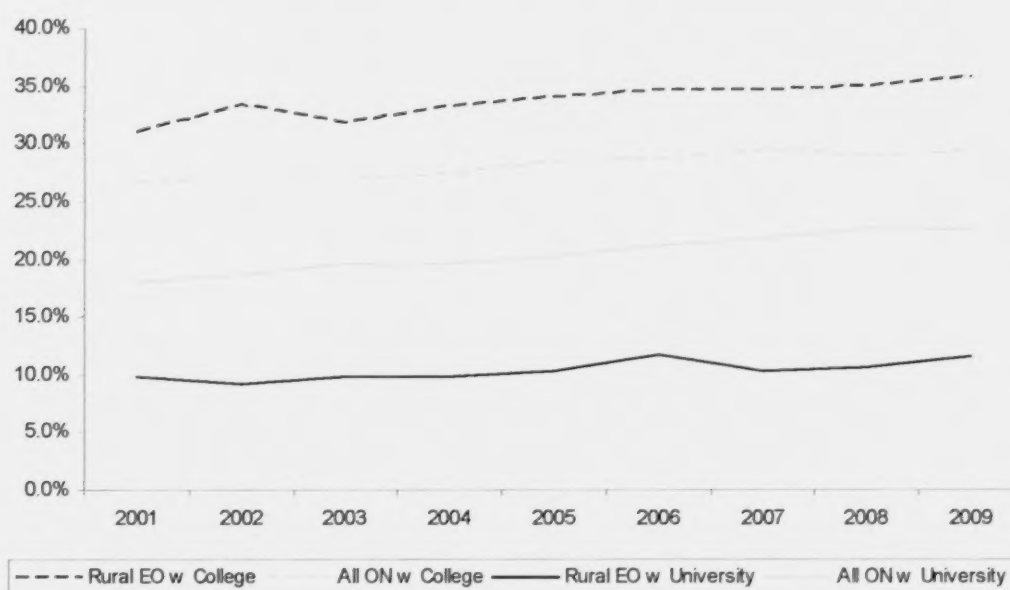
Figure 2. Median Hourly Wage for Rural Eastern Ontario and All of Ontario (2001-2009)



The labour market data show that those in rural Eastern Ontario are more likely to have a college diploma or certificate, while those in Ontario are more likely to have a university degree (Figure 3). In 2001 30.9% of the population in rural Eastern Ontario had a college diploma or a certificate versus 26.7% of the population in Ontario. In that same year 18.1% of the population in Ontario had a university degree versus 9.7% in rural Eastern Ontario. Between 2001 and 2009, the proportion of the

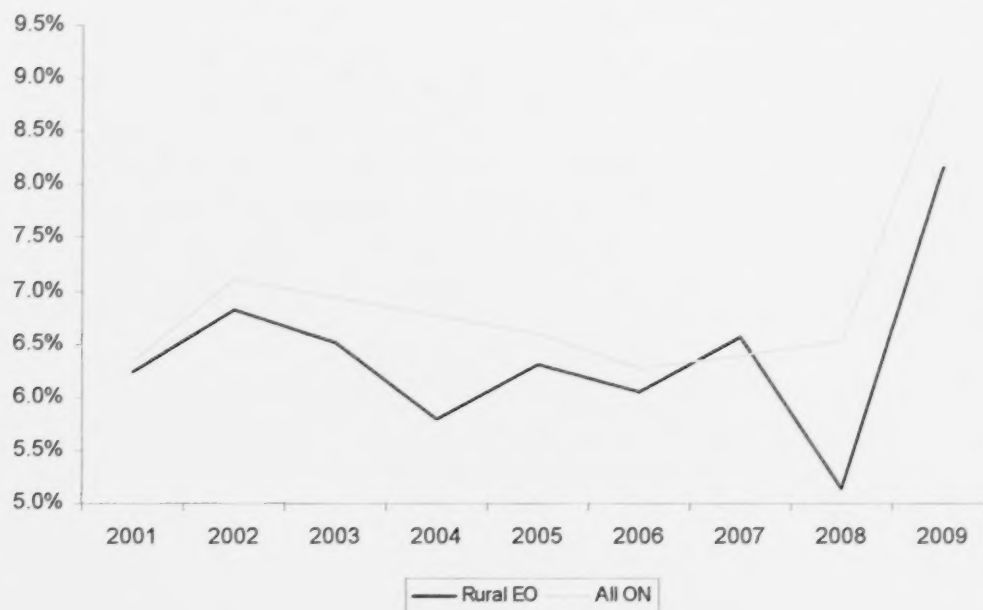
population with college diplomas or certificates saw a larger increase in rural Eastern Ontario (33.7% of the population, or 15.5% growth) than in Ontario (28.7% of the population, or 9.4% growth). Conversely, by 2009, the proportion of the population with university diplomas saw a larger increase in Ontario (22.6% of the population, or 25.2% growth) than in rural Eastern Ontario (11.5% of the population, or 18.2% growth).

Figure 3. University and College Education for Rural Eastern Ontario and All of Ontario (2001-2009)



It is interesting to note that rural Eastern Ontario has not lagged behind Ontario in terms of the unemployment rate (Figure 4). In 2001, the unemployment rate in rural Eastern Ontario was 6.2% compared to 6.3% in all of Ontario—virtually no difference. However, by 2009, while the unemployment rates increased, rural Eastern Ontario fared slightly more favourably compared to all of Ontario. In 2009 the unemployment rate in rural Eastern was 8.2% compared to 9.0% in all of Ontario—a difference of 0.8%. Also of note is the drop in unemployment rate in rural Eastern Ontario in 2008. The evaluation did not yield any possible explanations for these figures.

Figure 4. Unemployment Rates for Rural Eastern Ontario and All of Ontario (2001-2009)



Challenges Faced By Rural Eastern Ontario

The previous evaluation found that the needs in Eastern Ontario varied across communities, but overall it identified youth-out migration, access to skilled labour, loss of manufacturing jobs and an aging population as regional challenges. Those interviewed for the evaluation suggest that these issues still exist and noted youth out-migration (23 of 34), the decline in manufacturing and the need for diversification (20 of 34), the loss of or limited access to skilled labour (20 of 34), and an aging population and low population growth (15 of 34) as issues of concern. Statistical information reviewed for the evaluation suggests that most of these concerns still exist.

The population of rural Eastern Ontario has grown by 11.8% since 2001, although there was a negative growth of 1.8% between 2007 and 2009. This is dissimilar to the rest of Ontario, which saw a population growth of 13.4% between 2001 and 2009 with no periods of negative growth. In addition to a decrease in population growth in the last three years, the proportion of older workers in rural Eastern Ontario is increasing. The proportion of the population 55+ increased from 36.4% in 2001 to 37.9% in 2009—a growth of 4.1%. While interviewees also suggest that youth out-migration continues to be a challenge in rural Eastern Ontario, the population figures show that the proportion of youth (aged 15-24) in rural Eastern Ontario has grown 9.6% between 2001 and 2009, from 13.2% to 14.5%. It is possible that youth are living in rural Eastern Ontario, but are commuting to jobs in nearby urban centres.

Employment in goods producing sectors has continued to decline since the last evaluation. Manufacturing has been especially hard hit in rural Eastern Ontario, losing 22.9% of its jobs between 2007 and 2010. This is significant because these goods producing sectors create wealth, unlike service producing sectors that maintain and redistribute it. However, the sector employed fewer individuals overall in the region, so the lost jobs equate to 2.3% of all those employed, which is lower than the overall (2.5%) and rural (3.2%) provincial job loss rates in manufacturing.

Finally, there are fewer urban centers within Eastern Ontario to promote growth and in general, rural Eastern Ontario's population density (22.6 per km²) is higher than Northern Ontario (1.0 per km²) and that of all of rural Ontario (3.6 per km²), but not South Western Ontario (31.2 per km²).

Uniqueness of Challenges to Rural Eastern Ontario

While rural Eastern Ontario faces challenges, those challenges may not be unique to that region. The data show that similar challenges are seen in the rest of rural Ontario, which includes Eastern, South Western and Northern Ontario. In 2009 the labour force participation rate in rural Eastern Ontario and rural Ontario was similar and both were below the provincial rate. While the labour force participation rate between 2007 and 2009 was greater in rural Ontario compared to rural Eastern Ontario, that gap narrowed during that time, with a -0.3% growth in rural Eastern Ontario compared to a -0.9% growth in rural Ontario. In 2009, the median wage rates in rural Eastern Ontario were similar to rural Ontario and both were lower than the rest of Ontario, although the rate was higher in rural Ontario compared to rural Eastern Ontario between 2007 and 2009—a difference of \$1.12 in 2007 and \$1.00 in 2009. Over the course of a year (37.5 hours for 52 weeks) this represents a difference of \$975. Finally, the unemployment rate in rural Ontario was identical to that of rural Eastern Ontario in 2009, both of which were lower than all of Ontario.

With respect to education, the proportion of rural Eastern Ontarians and rural Ontarians with college degrees and university diplomas is similar, although rural Eastern Ontarians are slightly better educated, with a particularly noteworthy growth in the percentage of the population with a university diploma between 2007 and 2009 (11.8%) (Table 6). The population of youth (15+) and older workers (55+) in rural Eastern Ontario and rural Ontario is also similar. Although, the proportion of youth in rural Eastern Ontario grew by 2.0% between 2007 and 2009, while rural Ontario saw a decrease in growth in that same time period (-0.5%). However, the population of 55+ is growing slightly faster in the past three years in rural Eastern Ontario (5.3%) than in rural Ontario (4.7%).

Table 6. Population and Labour Market Indicators for Rural Eastern Ontario, Rural Ontario and Ontario Overall (2007-2009)

2007-2009	2007			2009			Growth Since 2007		
	Rural EO	Rural ON	All ON	Rural EO	Rural ON	All ON	Rural EO	Rural ON	All ON
Labour force (+000)	279.0	855.6	7,043.5	273.0	844.2	7,175.1	-2.2%	-1.3%	1.9%
Participation rate	63.4%	65.4%	68.0%	63.2%	64.8%	67.3%	-0.3%	-0.9%	-1.0%
Unemployment rate	6.6%	5.8%	6.4%	8.2%	8.2%	9.0%	24.5%	41.2%	41.7%
Median hourly wage	\$17.38	\$18.00	\$18.75	\$18.50	\$19.00	\$20.00	6.4%	5.6%	6.7%
% with college diploma	34.7%	34.0%	29.4%	35.7%	35.1%	29.2%	2.9%	3.2%	-0.8%
% with university degree	10.3%	9.7%	21.9%	11.5%	10.1%	22.6%	11.8%	3.6%	3.4%
Population (15+) (+000)	440.2	1,308.8	10,361.6	432.1	1,302.7	10,659.6	-1.8%	-0.5%	2.9%
% of youth (15-24)	13.9%	15.3%	16.6%	14.5%	15.3%	16.4%	2.0%	-0.5%	1.4%
% of 25-54 year olds	50.7%	50.9%	54.6%	47.6%	49.2%	53.7%	-7.9%	-3.9%	1.3%
% of older workers (55+)	35.3%	33.8%	28.8%	37.9%	35.5%	29.9%	5.3%	4.7%	6.8%

Source: Statistics Canada labour market data.

As noted above, employment in goods producing sectors has been declining in the rural Eastern Ontario since the last evaluation, with manufacturing being particularly hard hit—losing 22.9% of its jobs between 2007 and 2010 (Table 7). Rural Ontario has also seen a decline in employment in the goods

producing sectors, and in manufacturing in particular, although the percent change has not been as high—a -15.1% change between 2007 and 2010. This is not dissimilar to all of Ontario, which saw a -17.2% change in employment in manufacturing in the same time period. It is interesting to note that overall, the loss in manufacturing jobs in rural Eastern Ontario and rural Ontario seems to have been offset by gains in construction and health care.

Table 7. Proportion of the Population Employed for Rural Eastern Ontario, Rural Ontario and Ontario Overall, by Sector (2007-2010)

April 2007-March 2010	Average			Growth		
	Rural EO	Rural ON	All ON	Rural EO	Rural ON	All ON
Employment	-	-	-	6.3%	1.3%	0.0%
Goods Producing	27.4%	32.1%	22.4%	-3.9%	-0.5%	-11.1%
manufacturing	11.5%	14.2%	13.2%	-22.9%	-15.1%	-17.2%
construction	9.8%	8.9%	6.4%	23.9%	20.8%	1.3%
agriculture	3.6%	5.9%	1.5%	3.2%	2.6%	-14.4%
Service Producing	72.6%	67.9%	77.6%	10.3%	2.2%	3.4%
retail	12.3%	11.7%	11.8%	-14.6%	-8.3%	-5.6%
health care	11.6%	11.8%	10.5%	34.8%	29.6%	7.7%
hospitality	6.9%	6.1%	6.0%	-16.4%	-13.9%	-1.5%
public administration	6.4%	4.8%	5.3%	21.2%	-6.8%	10.4%
education	5.9%	6.0%	7.2%	15.3%	-5.6%	9.5%
transportation & warehousing	5.0%	5.4%	4.8%	-32.9%	-16.6%	-0.9%

Source: Statistics Canada labour market data.

Overall, these statistics suggests that the broad labour market challenges faced by rural Eastern Ontario may not be unique compared to those of other rural areas in Ontario.

Other Economic Development Programs in Ontario

A scan of the federal government's Canada Business portal⁵ reveals that there are at least 81 federal and provincial government grants, loans and financing programs that promote economic development and serve portions of EODP's target population. When asked whether they were aware of any new programs that have been created (since 2007) that also focus on economic development in Eastern Ontario (including provincial, municipal, other federal, not-for-profit, or private programs/initiatives), all interviewees identified other programs. Interviewees most often cited the Ontario Ministry of Economic Development and Trade's (OMEDT) EODF (28 of 34) and the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA) Rural Economic Development (RED) Program (12 of 34). Others cited FedDev Ontario's Southern Ontario Development Program (SODP) (11 of 34) and Community Adjustment Fund (CAF) (7 of 34).

Interviewees perceive EODP as unique and provided explanations on how it is unique from these other programs. For example, while EODP is also directed to municipalities, not-for profit organizations and businesses, interviewees suggested that EODF funds larger projects, over a longer funding period and focuses mainly on incremental services, technology or products. With respect to SODP, interviewees suggested that it is different than EODP as its focus is more on larger projects with larger SMEs in urban areas of South Western Ontario. OMAFRA's RED program is also different from EODP in that it focuses

⁵ www.canadabusiness.ca

mainly on agricultural initiatives. Finally, interviewees see EODP as different from CAF, as it focuses mainly on larger projects in Western Ontario and is limited to certain sectors.

Overall interviewees noted that EODP is unique from these other programs, as it is delivered at the grass roots level, is focused on local economic development priorities and targets micro businesses and not-for-profit organizations (see Appendix I for a full interviewee assessment of the different programs).

Contribution of EODP funding to Project Implementation

Survey respondents were asked to indicate what would have happened had EODP funding not been received. Opinions on this varied depending on the project type, although generally anywhere between 40-50% of survey respondents in each of the project types indicated that they would not have proceeded without EODP funding (Table 8). Those who self-identified as having received funding for youth retention and attraction projects would have been least likely to proceed without EODP funding (57.4% would not have proceeded). This seems reasonable given that many of the youth placed through these projects were placed with not-for profit organizations, which may be less capable of supporting an intern without funding from another source. Many respondents suggested that they would have proceeded in the same manner, although the nature or scale of the activities would have been different. Those who self-identified as having a skills development project were most likely to proceed with the project, albeit in a different manner (57.0%). Quite a small proportion of survey respondents in all of the categories indicated that they would have proceeded in the same manner.

Table 8. Survey Respondents' Opinions on Whether the Project Would have Proceeded without EODP Funding

Survey Question	Business Development	Community Development	Skills Development	Youth Retention & Attraction	Access to Capital	Innovation & ICT
Would have proceeded in the same manner	6.9%	3.4%	7.5%	4.4%	5.0%	10.0%
Would have proceeded, but the scale/nature of activities would have been reduced/different	48.3%	46.1%	57.9%	38.2%	42.5%	47.5%
We would <u>not</u> have proceeded	44.8%	50.6%	34.6%	57.4%	52.5%	42.5%

3.1.2 Consistency of EODP with Federal Roles and Responsibilities

Finding: *The Federal role in EODP is appropriate given its responsibilities under the Department of Industry Act*

The findings in this section are based on document review and interviews. There are no limitations with respect to the reliability of the information.

Information from documentation showed that EODP is aligned with federal roles and responsibilities. More specifically, EODP is consistent with federal legislative responsibilities under Sections 8 and 9 of

the *Department of Industry Act*.⁶ These sections outline the objectives and duties of the GC for regional economic development in the province of Ontario. The federal objectives that align with EODP include:

- promotion of economic development in areas of Ontario with low incomes and slow economic growth / where opportunities for productive employment are inadequate;
- emphasis on long-term economic development, sustainable employment, and income creation; and
- focus on small- and medium-sized enterprises (SMEs) and the development and enhancement of entrepreneurial talent.

The federal duties that align with EODP include:

- Lead/coordinate the activities of the Government of Canada in the establishment of cooperative relationships with Ontario and with business, labour and other public and private bodies.

Most interviewees (28 of 30) believe the role of the federal government in EODP is legitimate and necessary, particularly with respect to the GC's continuing role with the CFDCs (17 of 30). A few interviewees also believe that the federal government has a role in regional economic/community development (7 of 30), and the GC has the necessary resources, capacity and expertise for such a program (6 of 30).

3.1.3 Consistency of EODP with Current Federal Government Priorities

Finding: *EODP is aligned with both the Government of Canada and FedDev Ontario priorities.*

The findings in this section are based on document review and interviews. There are no limitations with respect to the reliability of the information.

The primary objective of EODP is to promote socio-economic development in rural Eastern Ontario that leads to a competitive and diversified regional economy and contributes to the successful development of businesses and sustainable self-reliant communities. This objective is consistent with the priorities of the GC. Past Speeches from the Throne have placed emphasis on economic growth and stability, specifically, to support traditional industries, create jobs, and minimize loss of employment. For example, the 2007 Speech noted the GC "will stand up for Canada's traditional industries that are facing challenges....including forestry, fisheries, manufacturing and tourism."⁷ Also in the 2008 Speech, the GC indicated that it would "secure jobs for families and communities by encouraging the skilled trades and apprenticeships, supporting workers facing transition."⁸ The 2009 Speech continued to place emphasis on the economy with the stimulus plan, which focused on areas such as ensuring access to credit, supporting industry, and protecting those hit by the recession.⁹ Finally, the most recent Speech (2010)

⁶ Department of Justice. *Department of Industry Act*. Page 4. Accessed online at: <http://laws.justice.gc.ca/PDF/Statute/I/I-9.2.pdf>.

⁷ Government of Canada. 2007 Speech from the Throne, October 2007. Accessed on-line at: <http://www.pco-bcp.gc.ca/index.asp?lang=eng&page=information&sub=publications&doc=sft-ddt/2007-eng.htm>.

⁸ Government of Canada. 2008 Speech from the Throne, November 2008. Accessed on-line at: <http://www.speech.gc.ca/eng/media.asp?id=1383>.

⁹ Government of Canada. 2009 Speech from the Throne, January 2009. Accessed on-line at: <http://www.sft-ddt.gc.ca/eng/media.asp?id=1384>.

noted that “jobs and growth remain the top priority.”¹⁰ Further to the Speeches from the Throne, the GC’s commitment to regional economic development was reinforced in Budget 2009, which provided funding for the creation of FedDev Ontario.

Until the creation of FedDev Ontario, EODP was the responsibility of IC/FedNor. In 2007/08 and 2008/09 EODP was in alignment with IC’s third strategic objective of “competitive industry and sustainable communities,” which focused on supporting business, business innovation and productivity. One of the priorities under this outcome was to work with Canadians to position them to take advantage of economic opportunities, support business development, provide long-term growth and promote sustainable development.¹¹ EODP was also aligned with IC/FedNor’s strategic objective in 2009/10 related to “Competitive Businesses are Drivers of Sustainable Wealth Creation.”¹²

In its first Report on Plans and Priorities (2010–11), FedDev Ontario identified a strategic outcome of the “Economy of Southern Ontario is competitive and diversified.” In fulfilling its mandate, FedDev Ontario will partner with local governments, businesses and community organizations to bolster Southern Ontario’s economy to ensure it is stronger, more vibrant and more resilient in the years to come. This aligns with the objectives of EODP, which is a sub-activity under the program activity “Community and Business Development.”

3.2 Program Performance (Effectiveness)

The following section provides the findings with respect to whether EODP has achieved its intended results over the course of the three-year evaluation period. The first six subsections describe both the immediate and intermediate outcome findings for each of the six project types. The seventh subsection relates the overall long-term outcome findings for EODP.

3.2.1 Business Development

Finding: *There is increased demand for business development support, particularly for business and marketing plan development. Data suggest that these projects have improved businesses practices; and survey respondents report that it has influenced the development of new markets. The full extent of the impact is unknown.*

Findings in this section are based on EODP program data; interviews with program representatives, CFDCs, community representatives, and academics/experts; and survey data. As discussed in Section 2.3 (*Limitations of Methodology*), survey data with respect to the business development projects are less reliable due to issues with the self-identification of project type. Also because of these issues the responses cannot be considered representative of all business development funding recipients.

Between 2007/08 and 2009/10, 414 business development projects were funded through EODP; totaling \$1.3 million (see Table 9). The number of funded business development projects greatly increased over the evaluation period, from 97 projects in 2007/08 to 162 in 2009/10, which is an

¹⁰ Government of Canada. 2009 Speech from the Throne, March 2010. Accessed on-line at: <http://www.speech.gc.ca/eng/media.asp?id=1388>.

¹¹ Industry Canada. Reports on Plans and Priorities (2007-2008, 2008-2009). Accessed on-line at <http://www.tbs-sct.gc.ca/rpp/2008-2009/inst/dus/dus00-eng.asp>, <http://www.tbs-sct.gc.ca/rpp/2007-2008/IC-IC/IC-IC00-eng.asp>.

¹² Industry Canada. 2009-2010 Report on Plans and Priorities. Accessed on-line at: <http://www.tbs-sct.gc.ca/rpp/2009-2010/index-eng.asp?acr=1388>.

increase of 67.0%. At the same time, the average EODP contribution per project has decreased by 32.8% (from \$4,633 to \$3,109). There has been a high demand for assistance with business plan development and marketing plan development, which represent about 70% (or 452 projects) of total business development projects funded (50% and 20%, respectively). Funding also enabled 48 businesses to participate in trade shows over the three year period.

Table 9. Summary of Business Development Projects (2007/08 to 2009/10)

Data Element	2007/08	2008/09	2009/10	Total
# of business development projects	97	155	162	414
Dollar value of business development projects	\$449,395	\$378,752	\$503,643	\$1,331,790
Average dollar value per project	\$4,633	\$2,444	\$3,109	\$3,217
# of business plans developed	28	155	162	345
# of marketing/export plans developed	9	49	49	107
# of strategic plans developed	11	11	11	33
# of feasibility studies completed	14	14	10	38
# of other business planning projects	4	33	45	82
# of trade show attendances	4	16	28	48
# of businesses that have established better business decision making skills	n/a	85	105	190
# of businesses that have identified new markets and new opportunities	n/a	77	114	191

Source: EODP program data.

The desired result of the business development projects is to improve business development through improved business practices, increased entrepreneurship and development of markets. When asked about whether EODP-supported projects have had an impact on business practices, most interviewees (24 of 29) believed that funding contributed to improved use of business practices. More specifically, interviewees suggested that the funding enabled a greater use of business plans/marketing plans/strategies (10 of 24) and a greater use of technology (7 of 24). This is consistent with the survey information with just over half of survey respondents (51.3%) identifying the use of business plans or other planning tools as ways in which they had improved business practices. In addition, over three quarters of survey respondents (75.3%) reported that they had better business decision-making skills as a result of EODP projects. It is important to note here that the reliability of the survey data for business development is low. The CFDCs also report similar information on EODP-support projects, with the information suggesting that 190 businesses established better business decision-making skills.

Many interviewees (20 of 29) also believe that the nature and extent of entrepreneurship has changed among businesses in the region. Interviewees suggested that the biggest changes have been an increased use of new technologies or products, (7 of 20), the development of new areas of business/sectors/markets (e.g., green technology or energy) (6 of 20), and generally more self-employment (5 of 20). Many interviewees (21 of 29) suggested that these changes in entrepreneurship in their communities were attributable to EODP, mainly due to the support provided by EODP for business, marketing, and strategic planning (12 of 21); and for training and skills development (8 of 21). Survey respondents suggested that the business development projects such as those related to planning (12.5%), marketing (9.6%), skills development (10.3%), and networking (8.8%) have increased entrepreneurship in the region.

Interview and survey respondents suggest that business development projects have contributed to the identification of new markets. CFDCs reported that, between 2008/09 and 2009/10, 191 businesses

identified new markets and opportunities. In addition, survey respondents indicated that the extent to which funded projects contributed to market development ranged from some to great extent:

- the accommodation of more customers (87.3%)¹³,
- the expansion of their geographic market base (78.5%)¹⁴; and
- the development new products/services (77.3%)¹⁵.

However, as noted in the limitations section, the reliability of the survey data for business development is low. Also, there is limited information to determine the full impact of these projects on the identification of new markets.

3.2.2 Community Development

Finding: *Investments have been made in community capacity projects that have reportedly benefitted communities primarily with respect to increased partnerships and collaboration*

Findings in this section are based on EODP program data; interviews with program representatives, CFDCs, community representatives, and academics/experts; and survey data. As discussed in Section 2.3 (*Limitations of Methodology*), the survey responses received in the community development section are less reliable due to issues with the self-identification of project type. Also, the responses cannot be considered representative of all community development funding recipients.

Between 2007/08 and 2009/10, \$13.2 million was invested in 1,087 community development projects. These projects include: community capacity (281 projects), local initiatives (772 projects) and regional projects (34 projects) (Table 10). On average, local initiatives are smaller projects, with an average dollar value of approximately \$5,000. Community capacity projects are on average \$23,000, while regional projects are larger projects that involve four or more CFDCs and on average have received approximately \$83,000. Survey data show that community development projects are related to community-based economic development projects (21.1%), marketing and promotional activities (20.0%), small scale capital projects (14.6%), tourism events (11.5%), and seminars/workshops (8.7%).

The main objective of the community development projects is to increase the capacity of communities for socio-economic development. Information from the evaluation suggests that EODP projects have contributed to community capacity building. For example, according to EODP data, as a result of the community development projects, a total of 193 community strategic plans were developed. Further, both interviewees (24 of 29) and survey respondents (64.6%) suggested that some socio-economic infrastructure enhancements have been made as a result of these projects. Examples of such enhancements include: façade improvements, signage, new trails and parks, IT infrastructure, community centre facility upgrades, building accessibility improvements, and incremental transportation infrastructure (i.e., rail spur for an industrial park).

The biggest impact of the community development projects appears to be the development of partnerships. One-third of interviewees and 59.1% of survey respondents reported that EODP-funded projects contributed to community capacity building because of the partnerships developed, although as noted above, there is low reliability in the survey data for community development projects. EODP program data indicate that EODP has helped foster partnerships with 3,893 community organizations.

¹³ n= 237.

¹⁴ n= 238.

¹⁵ n= 236.

Interviewees suggested that these partnerships were formed with educational/training organizations (12 of 22), private sector organizations (10 of 22), community organizations (9 of 22), other counties/municipalities (8 of 22), and economic development organizations (8 of 22).

Table 10. Summary of Community Development Projects (2007/08 to 2009/10)

	2007/08	2008/09	2009/10	Total
# of community capacity projects	66	100	115	281
# of local initiatives projects	245	275	252	772
# of regional projects	10	13	11	34
Total # of community development projects supported	321	388	378	1,087
Dollar value of community development projects	\$3,798,517	\$5,321,888	\$4,080,327	\$13,200,732
Average dollar value per project	\$11,833	\$13,716	\$10,795	\$12,144
# of community or organizational plans developed	55	85	53	193
# of municipalities that experienced increased capacity for socio-economic development	n/a	253	245	498
# of community organizations partnering on projects	1,363	1,400	1,130	3,893

Source: EODP program data.

A result of community development projects, CFDCs reported that 498 municipalities experienced increased capacity for socio-economic development, however this indicator is not particularly useful in measuring the impact of EODP, as it is difficult to interpret what this number represents. For example, there are approximately 130 municipalities in Eastern Ontario and it is unlikely that all of these municipalities have been impacted more three-fold by EODP projects. It is more likely that the term "municipality" is being interpreted differently and it is possible that some municipalities are being counted more than once because they experienced increased socio-economic development as a result of different types of projects, or in different years.

3.2.3 Skills Development

Finding: *The skills development component of EODP has supported courses and workshops that have been well attended. Given that employers contribute 50% of the project funding, it can be assumed that the projects are helping to meet their labour needs. Needs being met include skilled trades, information technology, professional services and the service industry.*

Findings in this section are based on EODP program data; interviews with program representatives, CFDCs, community representatives, and academics/experts; and survey data. As discussed in Section 2.3 (*Limitations of Methodology*), the survey responses received in the skills development section are likely more reliable than the business and community development, however, they cannot be considered representative of all skills development funding recipients.

Between 2007/08 and 2009/10, \$2.3 million was invested in 698 skills development projects through EODP, with an additional \$1.4 million invested in 96 other projects that included a skills component (Table 11). CFDCs reported that 3,051 workshops, training, and or counseling sessions were given (1,871 were undertaken under the skills development theme) and 27,027 individuals were trained (7,743 were

trained through the skills development component). Note that the skills development projects can be undertaken through on-the-job training.

Table 11. Summary of Skills Development Projects (2007/08 to 2009/10)

	2007/08	2008/09	2009/10	Total
Total number of skills development projects funded	181	319	294	794
Dollar value of skills development projects	\$937,043	\$1,038,572	\$1,761,892	\$3,737,507
Average dollar value per project	\$5,177	\$3,256	\$5,993	\$4,707
# of workshops/training/counseling sessions held	813	1,300	938	3,051
# of people trained	5,110	13,826	8,091	27,027

Source: EODP program data.

The desired result of the skills development projects is to improve the skills of the labour force to meet local business needs. Therefore, the evaluation aimed to determine whether the skills training provided was meeting the labour market need, however, there is limited information on the specific labour market needs in Eastern Ontario.

Information from the survey suggests that EODP projects supported skills training in the areas of information technology (17.1%), production/manufacturing (15.1%), management (15.1%), customer service (13.6%), marketing / sales (11.1%), and business (10.6%). Information from the CFDCs also suggests that most CFDCs (80.0%) offered training in manufacturing, and many (56.7%) offered training in professional scientific and technical services; and accommodation and food services. Note that the CFDCs are not asked to track this information in such a way that the sector is linked to each project. Rather, CFDCs identify generally what sectors are supported through the training. Therefore, the volume of training being provided in each of the sectors is not known.

Information from EODP program representatives and the Eastern Ontario CFDC network indicated that skills development projects are supported 50% through EODP and 50% through the employer. This suggests that employers are obtaining funding for projects that meet their needs. Those surveyed suggested that training has met labour force needs related to skilled trades and information technology. Similarly, interviewees suggested that the projects helped to meet current labour force needs related to skilled trades, professional services, service industry workers, and health care.

3.2.4 Youth Retention and Attraction

Finding: EODP has made investments in youth internships and training that has resulted in job creation for some youth. Survey data suggest that some interns are obtaining jobs in Eastern Ontario, although it is uncertain to what extent this has affected youth retention and attraction in the region overall.

Findings in this section are based on EODP program data; interviews with program representatives, CFDCs, community representatives, and academics/experts; and survey data. As discussed in Section 2.3 (*Limitations of Methodology*), the responses received in the youth retention and attraction section are likely more reliable than those in business and community development sections, however, the responses cannot be considered representative of all youth retention and attraction funding recipients. The EODP program data also provide limited information on the nature of the employment gained by interns.

A total of \$4.6 million has been invested in youth retention and attraction projects between 2007/08 and 2009/10. This includes 383 youth internships and 6,690¹⁶ youth participating in workshops, training sessions and counseling session (see Table 12). The number of youth internships supported each year over the evaluation period decreased slightly from 143 in 2007/08 to 117 in 2009/10. Over the same period, 78 interns were placed with private sector businesses and 305 interns with not-for-profit organizations.

Table 12. Summary of Youth Retention and Attraction Projects (2007/08 to 2009/10)

	2007/08	2008/09	2009/10	Total
Total number of youth retention and attraction projects	156	127	120	403
Dollar value of youth retention and attraction projects	\$1,762,732	\$1,519,420	\$1,325,185	\$4,607,337
Average dollar value per project	\$11,300	\$11,964	\$11,043	\$11,436
# of youth internships	143	123	117	383
# of youth trained	1,673	1,916	3,101	6,690
# of youth hired	75	59	66	200

Source: EODP program data.

The desired result of the youth retention and attraction projects is to provide youth with access to work experience and training to help them secure future employment. Survey respondents report that interns have provided positive feedback with respect to skills improvement as a result of their placements. Interviews with CFDC representatives indicate that interns have enhanced their skills, particularly in the areas of administrative / business skills (14 of 15), technical skills (11 of 15) and workplace / social skills (8 of 15).

According to EODP program data, over half of the youth interns (52.2%) obtained a job as a result of the placements. Interns placed with a private sector firm were more likely to obtain a job following the placement (62.8% versus 49.5% that were hired following a placement with a non-profit organization). However, the nature of employment (i.e., full-time, part-time, temporary, seasonal) or the location of employment is unknown (i.e., whether the intern was hired by the firm at which it interned, at another firm in Eastern Ontario, or somewhere outside of Eastern Ontario). This information would be important in assessing the impact of the youth retention and attraction projects (i.e., whether the youth received a job in the region and therefore stayed in the region).

The survey data do suggest that some interns have been hired by the organization at which they interned, thus suggesting that these youth have remained in Eastern Ontario. Survey respondents supported 112 youth internships through EODP-funded projects. Fifty-two percent of survey respondents indicated that they subsequently hired their youth intern(s), for a total of 52 interns (46.4%) hired.

As noted above, there is limited information to determine the impact of EODP projects on youth retention and attraction, although many interviewees (11 of 18) stated they have seen a positive change in youth retention and attraction in the region and attribute this change to EODP (9 of 11).

¹⁶ Figure includes all project types.

3.2.5 Access to Capital

Finding: Research suggests that rural SMEs have faced challenges in accessing capital, and EODP has been able to provide an alternate source of capital. Data show that loan recipients have leveraged other funds as a result of the EODP loan; however there is a lack of sufficient data to determine the impact of the loan on business success.

Findings in this section are based on EODP program data; interviews with program representatives, CFDCs, community representatives, and academics/experts; and survey data. As discussed in Section 2.3 (*Limitations of Methodology*), the responses received in the access to capital section are likely more reliable than those in business and community development sections; however, the responses cannot be considered representative of all access to capital funding recipients.

The difficulties faced by SMEs in accessing capital have been outlined in several documents. A 2007 survey by the Canadian Federation of Independent Businesses found that 61 percent of SMEs surveyed identified securing term financing or a loan from a bank as the biggest financial barrier to establishing a business.¹⁷ A 2008 Senate Report noted the challenges of accessing credit in rural Canada.¹⁸ Finally, results from the 2009 Credit Condition Survey indicate that financing difficulties for younger and smaller firms have become more acute due to the financial crisis.¹⁹ This information is supported by most interviewees (24 of 28), who indicated it was difficult for businesses to obtain capital. Just under half of survey respondents (16 of 40, or 40%) also suggested that they did not have any other sources of capital. Those who indicated that they had other sources of capital cited personal sources, municipal grants, and fundraisers and donations.

Through its access to capital component, EODP provides interest-free loans for incremental activities related to the development of vacant or under-utilized industrial, commercial or retail properties. These include façade improvements and building retrofits and repurposing. Between 2007/08 and 2009/10, EODP provided \$4.9 million in interest-free loans to a total of 180 projects (Table 13). The number of loans provided has decreased over the three-year period, although the average loan value increased 75.8% over that same time period (from \$24,591 in 2007/08 to \$43,226 in 2009/10).

Table 13. Summary of Access to Capital Projects (2007/08 to 2009/10)

	2007/08	2008/09	2009/10	Total
Total number of loans	72	70	38	180
Dollar value of loans	\$1,770,573	\$1,477,149	\$1,642,583	\$4,890,305
Average dollar value per loan	\$24,591	\$21,102	\$43,226	\$27,168
Total value of leveraged funds	\$18,150,727	\$3,255,774	\$4,976,290	\$26,382,791
Average dollar value leveraged per loan	\$10.25	\$2.20	\$3.03	\$5.39
# of businesses created	23	13	13	49
# of businesses expanded	31	47	42	120
# of jobs created	449	150	113	712
# of jobs maintained	310	329	394	1,033

Source: EODP program data.

¹⁷ Canadian Federation of Independent Businesses. *Banking Matters: Survey of Small Business Owners on Banking Issues*. November 2007, page 2.

¹⁸ Senate Canada. *Beyond Freefall: Halting Rural Poverty, Final Report of the Standing Senate Committee on Agriculture and Forestry*. June 2008.

¹⁹ Industry Canada. 2009 Survey on Credit Condition. Accessed on-line at: http://www.sme-fdi.gc.ca/eic/site/sme_fdi-prf_pme.nsf/eng/02193.html

The desired result of the access to capital projects is to improve competitiveness through retention and expansion of new and existing businesses. EODP program data show that EODP funding assisted in the creation of 49 new businesses over the three year evaluation period. These data also show that that businesses were successful in obtaining funding for 120 business expansion projects over the same time period; however, it is unclear how many unique businesses were impacted.²⁰ These newly created and expanded businesses helped create or maintain 1,745 jobs. This information is consistent with the survey data that showed that the majority (67.4%) of survey respondents reported EODP funding was used to expand or maintain an existing business. A smaller proportion reported that funding was used to start a new business (13.9%). GCS believes that the survey data obtained for the access to capital projects are more reliable than the business and community development survey data due to the fact that the section on access to capital appeared later in the survey and thus it is more likely that they self-identified correctly.

CFDCs report that loan recipients have leveraged \$26.4 million as a result of their loans, which represents an average \$5.39 leveraged per \$1 loaned. The amount of leveraging has varied over the three year period from an average high of \$10.25 leveraged per loan dollar in 2007/08 to an average low of \$2.20 leveraged per loan dollar in 2008/09.

3.2.6 Innovation and ICT

Finding: *EODP has invested in innovation and ICT projects and information gathered for the evaluation suggests that these projects have improved access to and use of innovation and ICT in communities.*

Findings in this section are based on EODP program data; interviews with program representatives, CFDCs, community representatives, and academics/experts; and survey data. Note that because innovation and ICT could be a component in other project types, this question was asked in each section of the survey. Therefore, the results can be considered representative of the entire population of EODP-funded recipients and the data are reliable.

Between 2007/08 and 2009/10, over \$4.6 million was invested in 232 innovation and ICT projects. Most of this investment (77.1%) was made in 2008/09, in which \$3.6 million went towards 92 projects (Table 14). Note that innovation and ICT was not formally a project type until 2009/10, therefore, the information for these types of projects in 2007/08 and 2008/09 was compiled from other project types that indicated that there was an innovation and ICT component. Information from the EODP recipient survey showed that the majority of investments in innovation and ICT projects in 2009/10 were made in website development (42.1%), implementation of new information technology (IT) systems (19.7%), and acquisition of new information technology (18.4%).

²⁰ For example, a business could have obtained EODP funding for business expansion for more than one fiscal year. Moreover, a business that received EODP funding for business creation could potentially receive funding for business expansion in another fiscal year.

Table 14. Summary of Innovation and ICT Projects (2007/08 to 2009/10)

	2007/08	2008/09	2009/10	Total
Total number of innovation and ICT projects	28	92	112	232
Dollar value of innovation and ICT projects	\$ 551,341	\$ 3,590,757	\$ 509,542	\$ 4,651,640
Average dollar value per project	\$ 19,690.75	\$ 39,029.97	\$ 4,549.48	\$ 20,050.17
# of businesses or communities with improved access	1,748	3,392	96	5,236

Source: EODP program data.

The desired result of the innovation and ICT projects is increased use of technology (including ICTs) in businesses and communities. With respect to the impact of these projects, CFDCs reported that 5,236 businesses and/or communities have improved access to innovation and ICT as a result of projects funded between 2007/08 and 2009/10. This number is difficult to interpret, as businesses and communities are two separate entities; however, they are being counted as one entity. Therefore, it is not possible to determine the magnitude of this impact (i.e., proportion of businesses or communities impacted).

Nonetheless, the notion of improved access to innovation and ICT is supported by survey respondents and interviewees. The results show that not only do innovation and ICT-funded respondents believe that their project improved access, those who received funding for other types of projects with ICT components also believe that their project contributed to improved access (Table 15). Similarly, most interviewees (24 of 29) believe that generally, there has been increased access to innovation and ICT in Eastern Ontario, particularly with respect to high speed/broadband internet access (21 of 24). Some of these interviewees (13 of 21) attributed the increased access to EODP-supported projects. In 2006, EODP funded a broadband gap analysis in Eastern Ontario, which concluded that 65% of the study area was un-serviced or under-serviced. EODP further supported an implementation study, which identified cost considerations to close the service gap. While these studies were completed outside of the study period, EODP, along with other partners, funded further work in this area in 2009 to update both the implementation study and the gap analysis. This support contributed to securing government financing to create the Eastern Ontario Regional Network (EORN). The goal of the network is to achieve 95% coverage in Eastern Ontario by 2013.

Table 15. Proportion of Survey Respondents who Believe that EODP has Improved the Access to and Use of Innovation and ICT in Communities, by Project Type.

Project Type	Access		Use	
	% that agreed to some or great extent	n	% that agreed to some or great extent	n
Business development	72.8	136	72.9	144
Skills development	71.4	49	87.5	48
Community development	78.1	73	77.3	75
Access to capital	88.9	9	77.8	9
Youth retention and attraction	66.7	63	64.2	67
Innovation and ITC	85.0	40	78.0	41

Many interviewees (18 of 29) suggested that they have also seen changes in the use of innovation and ICT in Eastern Ontario, particularly with respect to the use of e-business, web services, green technology, e-learning, and website development.²¹ Just over half of interviewees (14 of 27) attributed the changes in use of innovation and ICT in the region to EODP-supported projects. Similarly, those who had an innovation and ICT element as part of their project also believe that use has improved (Table 14).

3.2.7 Contribution to Longer-Term Outcomes

Finding: *Given that EODP contributions are relatively small compared to the economy in the region and given the difficulties separating the impacts of EODP investments from other investments in the region, it is difficult to determine the longer-term impacts of EODP in the region.*

Findings in this section are based on labour market data; interviews with program representatives, CFDCs, community representatives, and academics/experts; and survey data. Because this question was asked of all survey respondents, the results can be considered representative of the entire population of EODP-funded recipients and the data are reliable.

The long-term outcomes of EODP are diversification and competitiveness of the rural Eastern Ontario economy; economic stability, growth and job creation; and sustainable, self-reliant communities. Information from the evaluation shows that investments have been made in the priority areas, which has contributed to business and skills development, community capacity building, the hiring of youth, the development of innovation and ICT, and physical improvements. When asked about the longer-term impact of EODP, interviewees mostly noted improvements in local capacity and collaborations (29 of 33), and some noted increased economic stability, growth and job creation (16 of 33). Some interviewees also noted that the rural Eastern Ontario economy is more diverse and competitive (11 of 33) and sustainable (10 of 33). A few also highlighted community social benefits, such as improved social conditions and poverty reduction (7 of 33) and increased youth engagement (6 of 33).

As discussed in Section 3.1.1 (*Need for EODP*), 46.2% of survey respondents indicated their projects would not have proceeded without EODP funding. A further 47.8% of the projects would have proceeded, but the scale or nature of the activities would have been reduced. So, at least half of the projects' benefits could be attributed to EODP. Survey respondents were also asked to rate the extent to which EODP had impacted on the longer-term outcomes of the program. Respondents were generally positive with respect to the impact of EODP in the region, suggesting that to some or to a great extent, the program helped with:

- diversification and competitiveness of the economy of rural Eastern Ontario (81.7%)
- economic stability, growth and job creation in rural Eastern Ontario communities (81.0%); and
- sustainability and self-reliance of rural Eastern Ontario communities (84.1%).

Also noted in Section 3.1.1 (*Need for EODP*), the labour market data show some positive improvements in rural Eastern Ontario in the past three years. For example, the number of people employed in rural Eastern Ontario rose by 6.3% between April 2007 and March 2010. During this same time period, the growth in the size of the working population was much smaller (0.8%). This suggests that job losses in manufacturing, transportation and warehousing, hospitality and retail have been replaced with employment in health care, construction, public administration and education. Labour force

²¹ Web services include accounting, virtual offices, and marketing, E-learning includes e-training, certification, and software.

participation rates have also increased 3.6% over the same period. Between 2007 and 2009 median hourly wage rates in the region have increased by 6.4%.

It is not possible to attribute these improvements directly to EODP, particularly because of the small amount of program funding that is distributed (i.e., \$8.8 million), compared to other investments being made in the region (e.g., through EODF, RED, Community Futures). Even with the funds that are leveraged, which are discussed further in Section 3.3.2, the annual \$45.4 million attributed to the Program represents a very small proportion (0.0078%) of Ontario's total GDP in 2009 (\$581 billion).²²

3.3 Performance (Efficiency and Economy)

A revised Treasury Board Evaluation Policy came into effect in April 2009. Under the 2009 Evaluation Policy, efficiency is defined to be maximizing the outputs produced with a fixed level of inputs or minimizing the inputs used to produce a fixed level of outputs (paraphrase); and economy is defined to be "minimizing the use of resources [...] to achieve expected outcomes".²³ Therefore, for the purposes of the Evaluation Policy, these elements of performance are demonstrated when:

- a) outputs are produced at minimum cost (efficiency); and
- b) outcomes are produced at minimum cost (economy / cost-effectiveness).

The following is a discussion of the cost of producing the outputs and outcomes of EODP.

3.3.1 Efficiency of Program Delivery

Finding: *In examining costs for program administration, the costs comprise a small amount of the overall program budget. Interviewees identified suggestions for improvement, including the need for better reporting support.*

Findings in this section are based on review of program data; interviews with program representatives and CFDCs. There are no limitations with respect to the reliability of the information.

The total program costs over the three year evaluation period were \$29.8 million (Table 16). This funding was allocated to IC/FedNor and FedDev Ontario administration, CFDC administration, and CFDC grants and contributions. Administration costs comprise 12.1% of the overall budget, which includes 4.0% to IC/FeNor /FedDev Ontario and 8.1% to the CFDCs for the administration of the program.

Over the three year time period, the average cost to deliver each project was \$1,338, including both CFDC and IC/FedNor/FedDev Ontario costs for program administration. This cost per project has decreased 38.1% over the three year time period, as the number of projects increased each year (55.7% overall), while administrative costs were fairly constant (2.2% increase).

Most interviewees suggested that program efficiency could be improved if continuous or longer-term funding was guaranteed (16 of 20). They noted that the present one or two year allocations have resulted in delays in receiving funding and an inability to pursue projects in a more strategic manner due

²² www.fin.gov.on.ca. Ontario Economic Accounts - Second Quarter of 2010 - Table 8: Ontario Gross Domestic Product (Expenditure-Based).

²³ Treasury Board of Canada Secretariat. (2009). Policy on Evaluation, April 1, 2009. Accessed online 07/02/09 at <http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15024&section=text#cha4>

to funding uncertainty. Many interviewees (14 of 20) also highlighted issues related to timing, such as delays with contracts, payments and approvals.

Table 16. Summary of EODP Costs (2007/08 to 2009/10)

	2007/08	2008/09	2009/10	Total
Total number of projects	615	1,029	1,060	2,704
Contribution to CFDC Administration	\$760,144	\$822,165	\$836,984	\$2,419,293
IC/FedNor/ FedDev Ontario Administration	\$400,000	\$400,000	\$400,000	\$1,200,000
Spending on Projects	\$8,630,956	\$8,777,635	\$8,763,010	\$26,171,601
EODP cost	\$9,791,100	\$9,999,800	\$9,999,994	\$29,790,894
Average administrative cost per project	\$1,886	\$1,188	\$1,167	\$1,338

Source: EODP

Some interviewees (8 of 20) suggested that CFDCs should be allowed greater flexibility with the use of the funds. Administrative data confirm that the proportion of funds allocated to each project type has remained relatively constant over the three years. Interviewees suggest that the use of four annual contracts to disperse funds constrain them to those envelopes, regardless of the merits of the projects which present themselves over the course of the year. It is apparently quite onerous to redistribute the funds between the contracts. Finally, a few interviewees (5 of 20) felt improvements could be made to the handling of regional projects, such as having the staff within FedDev Ontario coordinate them.

One issue identified through the evaluation is the lack of appropriate performance information to assess the impacts of the program. As noted throughout the report, there are a number of issues with the EODP program data, including:

- counting the number of businesses, communities, and/or municipalities as one entity;
- tracking data that are not linked to a project (e.g., the general sectors supported through skills development are noted, but not in relation to each individual project);
- insufficient information to assess impacts, for example, while data on the number of interns hired since completing their internship are available, the type of employment (e.g., full-time, part-time) and whether the employment is in rural Eastern Ontario is not known.

The issues with respect to performance data were noted by a some interviewees (9 of 20), who suggested there was a need for better administration and reporting support to CFDCs, including reporting tools. The issues may be related to the fact that EODP has had successive short-term renewals (i.e., one or two years) and therefore, limited investment has been made in this area.

3.3.2 Effectiveness of the Current Model

Finding: *The current delivery model maximizes effectiveness, as it uses an existing structure already in place for regional economic development. With respect to regional projects, the evaluation raises questions as to whether the current model for their delivery is appropriate.*

Findings in this section are based on review of program data; interviews with program representatives, CFDCs, community representatives, and academics/experts. There are no limitations with respect to the reliability of the information.

Most interviewees (29 of 34) believe the current delivery mechanism is the most effective for program delivery. EODP is delivered using the CFDC structure which is already in place for the delivery of other regional economic development programs and capitalizes on the use of local knowledge, facilitates local decision-making, and addresses local needs.

For every dollar invested by EODP, a further \$4.20 is leveraged, on average, through other sources for each project (Table 17). Leveraging is greatest for community capacity projects (\$6.65 per project), access to capital projects (\$5.65 per project) and regional projects (\$4.97 per project). Meanwhile, youth retention projects consistently have fewer leveraged funds than EODP investment, with a three year average of \$0.61 per EODP dollar invested.

Table 17. Summary of Leveraging and Partnering (2007/08 to 2009/10)

	2007/08	2008/09	2009/10	Total
Total value of leveraging	\$53,873,255	\$29,412,525	\$26,709,004	\$109,994,784
Spending on Projects	\$8,630,956	\$8,777,635	\$8,763,010	\$26,171,601
Average value of leveraging per project	\$6.24	\$3.35	\$3.05	\$4.20
Average partnering per project	4.2	3.6	3.0	3.6

Source: EODP Program Data.

Community capacity projects, local initiatives and regional projects also leverage partnerships within the community. These partners would typically be not-for-profit organizations, municipal or provincial government agencies or private enterprises. On average these projects had 3.6 partners each. Community capacity and local initiatives had 3.1 and 3.3 partners per project, while regional projects have many more at 13.6 per project.

As noted above, regional projects attract significant leveraging and partnering. These projects represent 11.9% of all the projects, and 9.8% of the budget. Given the difficulties in comparing the outcomes of regional projects to the outcomes of other project types (which are more local in nature), it is difficult to determine whether the impacts of the regional projects have been better or worse than other types of projects.

Most interviewees (26 of 33) mentioned benefits accruing from regional projects, such as having a greater reach, and allowing for bigger projects and therefore bigger impacts (22 of 33). Some noted they create collaborations and networks that lead to broader thinking (11 of 33) and a few noted increased financial efficiencies (7 of 33). However, some respondents (15 of 33) indicted difficulties with regional level projects that do not occur with local projects. The two most noted difficulties were a lack of project control and effectiveness (9 of 33) and administrative problems, which exist at the regional level (6 of 34).

4.0 Overall Conclusions and Recommendations

This section of the report presents the overall conclusions for the evaluation of EODP, including recommendations. The conclusions are presented according to the key evaluation issues.

Relevance

The objectives of EODP are aligned with federal roles and responsibilities as well as the priorities of the Government of Canada and FedDev Ontario.

The federal government has a legislated responsibility for regional economic development in the province of Ontario, as per the *Department of Industry Act*. This includes establishing relationships with organizations that will assist with the promotion of economic development. This is well-aligned with EODP's mandate to support economic development in partnership with the CFDCs.

In recent years, the Government of Canada has focused its priorities on economic growth and stability, specifically, to support traditional industries, create jobs, and minimize loss of employment. This priority was emphasized in Budget 2009 through the creation of FedDev Ontario. Previous to the creation of FedDev Ontario, EODP was the responsibility of Industry Canada and the Federal Economic Development Initiative for Northern Ontario (FedNor). IC/FedNor and FedDev Ontario are mandated to support economic development in efforts to ensure competitive industries and sustainable communities. The objectives of EODP—to promote socio-economic development in rural Eastern Ontario that leads to a competitive and diversified regional economy and contribute to the successful development of businesses and sustainable self-reliant communities—are well-aligned with these mandates.

Rural Eastern Ontario lags behind the rest of Ontario and continues to face economic challenges, although these challenges may not be unique to the region and rural areas in general.

When comparing certain economic indicators between 2001 and 2009, rural Eastern Ontario lags behind the rest of Ontario. This is particularly the case with labour force participation rates and median hourly wages. Interestingly, between 2001 and 2009, the unemployment rates in rural Eastern Ontario have been lower than those in all of Ontario.

The evaluation showed that rural Eastern Ontario faces a number of challenges related to recent negative population growth and low population density, an aging population, and the loss of manufacturing jobs. Note that while interviewees believe that youth out-migration is also an issue, the data show that the proportion of the youth aged 15-24 has grown in rural Eastern Ontario between 2007 and 2009. These challenges may not be unique to rural Eastern Ontario, as the labour force data show that rural Ontario faces similar challenges. For example, rural Eastern Ontario and rural Ontario have lower labour force participation rates, lower hourly median wages, a larger proportion of older workers (55+), and fewer youth (15-24) than Ontario overall.

Without EODP funding, nearly all of the survey respondents indicated their projects would either not have proceeded; or would have proceeded, but the scale or nature of the activities would have been reduced. Therefore the implementation of many projects was depended EODP support.

Performance (Effectiveness)

Information from the evaluation shows that investments have been made in the EODP priority areas. These have contributed to business and skills development, community capacity building, the hiring of youth, the development of innovation and ICT, and physical improvements. While the CFDCs have collected output and short-term outcome information, the data are limited in relation to medium-term outcomes. This limits the ability to draw conclusions with respect to the intermediate outcomes. The long-term outcomes of EODP—diversification and competitiveness of the rural Eastern Ontario economy; economic stability, growth and job creation; and sustainable, self-reliant communities—are difficult to measure. However, interviewees and survey respondents were positive with respect to the longer-term impacts of EODP, particularly with respect to improvements in local capacity and the development of partnerships.

Performance (Efficiency and Economy)

The program appears to be efficient, as the administrative costs comprise a small proportion of the overall budget and over time the costs for administration have decreased.

The total cost for administration of EODP is 12.1% of the overall budget of \$29.8 million and the cost for project administration has decreased 38.1% over the three-year evaluation period, as the number of projects increased each year (55.7% overall). The evaluation did not reveal any issues with respect to program efficiency, although interviewees raised concerns related to funding, including the need to have longer-term funding, which would allow for the development of more strategic projects and the desire to have more flexibility with allocating funds between projects. Currently, the CFDCs must manage four separate agreements for the allocation of funds and it was suggested that having one agreement would be more efficient.

Recommendation #1: *FedDev Ontario should examine whether it is necessary to have four agreements for the administration of the EODP funds and determine if all of the funds could be administered through one agreement.*

There is a lack of sufficient and reliable performance information with respect to program outcomes.

Despite improvements made since the last evaluation, a key issue identified throughout the evaluation is the lack of appropriate performance information to assess the impact of the program. Many of the current indicators being used are either not specific enough, or not linked to project data, and are generally insufficient to measure the desired outcomes of the program. Note that the issues with respect to performance data are likely related to the fact that the program has received short-term renewals (e.g., one to two years) and therefore, little investment has been made in this respect.

Recommendation #2: *FedDev Ontario should review its current performance measurement strategy and refine its data collection to ensure it is appropriate for measuring the outcomes of the program. Including CFDCs and academics in the review and identification of indicators would be an effective way of ensuring the appropriateness of the indicators for measuring success.*

In addition to the performance measurement challenges, the administration of the recipient survey identified that the recipient contact information currently are not standard and are insufficient (e.g., no project name, missing information on project descriptions). This lack of information meant that it was not possible to provide information to survey recipients on their EODP projects, which could have been

valuable in ensuring the reliability of the information gathered. FedDev Ontario representatives also raised the question as to whether the contact information is accurate.

Recommendation #3: *FedDev Ontario and CFDCs should ensure that a standardized, up-to-date list of recipients is maintained. This list should include complete information on the recipients (e.g., name, e-mail address) as well as specific project identifiers (e.g., project name, project type). This information will be required should FedDev Ontario wish to survey its recipient population for future evaluations. Alternatively, FedDev Ontario could implement a post-project feedback form, which could be administered to recipients following the completion of the project. This form could collect information on the impacts of the project. The results could be entered into a database and be used for both ongoing management and evaluation purposes.*

With respect to economy, the current delivery model maximizes effectiveness, as it uses an existing structure already in place for regional economic development.

The current delivery mechanism is viewed as the most effective for program delivery, as it uses the CFDC structure which is already in place for the delivery of other regional economic development programs. It also capitalizes on the use of local knowledge, facilitates local decision-making, and addresses local needs. This model has resulted in leveraging an average of \$4.20 per EODP dollar invested and the development of partnerships (3.6 partners per community development projects).

With respect to regional projects, the evaluation raises questions as to whether the current model for their delivery is appropriate.

While the evaluation did not examine the effectiveness of the delivery of regional projects, this issue was raised by interviewees both in the context of program improvements and the delivery model being used. Key issues raised with respect to the regional projects included difficulties with administration (e.g., selection of projects, length of time to get them implemented) and a lack of control over the implementation of those projects. It was suggested that the delivery of regional projects could be improved by having FedDev Ontario coordinate them.

Recommendation #4: *Since this issue has been identified in previous evaluations, FedDev Ontario should examine alternative delivery options for regional projects to determine whether they could be delivered more efficiently.*